



IN REPLY REFER TO

DEFENSE CONTRACT AUDIT AGENCY

CAMERON STATION
ALEXANDRIA, VIRGINIA 22314

OSA-3136-68
C1-68-24-621

STATINTL

REPLY TO:

November 6, 1968

STATINTL

SUBJECT: Report on Evaluation of Price Proposal

Contract [] (657)-12846-Spares List #48 and
Supplementary DCN
Summary Listing

TO : Contracting Officer

STATINTL

1. Purpose of Evaluation: As requested an evaluation has been performed of the contractor's CPIF proposal for the purpose of determining the reasonableness of the estimated costs (\$5,709 for the spares list #48 and \$36,806 for the DCN summary listing).

2. Scope of Evaluation: The evaluation included an examination of the purchased price of the materials lists, the application of the proper agreed to loading factors, and the basis for the labor hours used when an item is fabricated in-house. For in-house items, the evaluation included a review of the labor, overhead and general and administrative expense rates.

3. Results of Evaluation: Subject to a review of the quantities proposed by technical personnel, the auditor accepts the proposed costs as submitted:

	Per Contractor's Proposal	
	Estimated Costs	Proposed Fee
Spares List #48	\$ 5,709	<div></div>
Supplemental DCN Summary Listing	36,806	
	<u>\$42,515</u>	

4. Comments:

a. The auditor accepts the contractor's hourly rates, since they compare favorably with what the contractor is currently experiencing under this program.

b. The factor applied, and the proposed burden and G&A rates are those agreed to for use in bid proposals and are therefore acceptable.

c. The estimated material costs were adequately supported by a purchase order placed or a current vendor quote.

5. Comments on Fee: The contractor has requested a fee based upon of the estimated costs. The original target fee negotiated for the basic contract was based upon of the estimated target costs.

Frank M. Alston
ARTHUR G. HANLEY *for*
DCAA Representative - APL